

**VILLAGE OF BLISSFIELD, MICHIGAN**

**FINANCIAL STATEMENTS**

**FIFTEEN MONTH PERIOD ENDED  
SEPTEMBER 30, 2005**

**WITH  
INDEPENDENT AUDITORS' REPORT**

# AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF BLISSFIELD	County LENAWEE
Audit Date SEPTEMBER 30, 2005	Opinion Date OCTOBER 28, 2005	Date Accountant Report Submitted to State: FEBRUARY 21, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

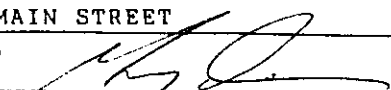
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGR).			X

Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C.			
Street Address 121 NORTH MAIN STREET	City ADRIAN	State MI	ZIP 49221
Accountant Signature 			

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fifteen Month Period Ended September 30, 2005**

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# VILLAGE OF BLISSFIELD

State of Michigan

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## VILLAGE OF BLISSFIELD, MICHIGAN

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fifteen Month Period Ended September 30, 2005

As management of the Village of Blissfield, Michigan, we offer readers of the Village of Blissfield, Michigan's financial statements this narrative overview and analysis of the financial activities of the Village of Blissfield, Michigan for the fifteen month period ended September 30, 2005. We encourage readers to consider the information presented here.

#### Financial Highlights

- The assets of the Village of Blissfield, Michigan, excluding component unit, exceeded its liabilities at the close of the most recent fifteen month period ended September 30, 2005 \$11,364,335 (*net assets*). Of this amount, \$166,055 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased \$465,967. This decrease is partially attributable to recognition of expense on the Franklin Street construction project.
- As of the close of the fifteen month period ended September 30, 2005, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$794,078, a decrease of (\$2,449,590) in comparison with the prior year ended June 30, 2004. The majority of this total amount is the Franklin Street Project.
- At the end of the current year, unreserved fund balance for the General Fund was \$11,335, or 0.6 percent of total General Fund expenditures.
- The Village of Blissfield, Michigan's total debt increased by \$34,885 during the current fiscal year. The key factor in this increase was the Municipal Purchase Contract for parking lot improvements.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Blissfield, Michigan's basic financial statements. The Village of Blissfield, Michigan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Blissfield, Michigan's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Blissfield, Michigan's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Blissfield, Michigan is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fifteen month period ended September 30, 2005. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Blissfield, Michigan that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Blissfield, Michigan include general government, public safety, highways and streets, sanitation, public works, and culture and recreation. The business-type activities of the Village of Blissfield, Michigan include utility systems.

The government-wide financial statements include not only the Village of Blissfield, Michigan itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) for which the Village of Blissfield, Michigan is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 3 – 6 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that been segregated for specific activities or objectives. The Village of Blissfield, Michigan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Blissfield, Michigan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fifteen month period ended September 30, 2005. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Blissfield, Michigan maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street funds, and capital projects fund which are considered to be major funds. Data from the other six governmental

funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Blissfield, Michigan adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with budget.

The basic governmental fund financial statements can be found on pages 7 – 16 of this report.

**Proprietary funds.** The Village of Blissfield, Michigan maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Blissfield, Michigan uses an enterprise fund to account for its Utility Fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village of Blissfield, Michigan's various functions. The Village of Blissfield, Michigan uses an internal service fund to account for equipment expense (Motor Vehicle Fund). Because this service predominantly benefits governmental rather than a business-type function it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund, which is considered to be a major fund of the Village of Blissfield, Michigan. The internal service fund (Motor Vehicle Fund) is in the proprietary fund financial statements.

The basic fund financial statements can be found on pages 17 – 21 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Blissfield, Michigan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 22 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 23 – 41 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village of Blissfield, Michigan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 42 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension. Combining statements and individual fund schedules can be found on pages 43 – 47 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Blissfield, Michigan, assets exceeded liabilities by \$11,364,335 at the close of the most recent fifteen month period ended September 30, 2005.

By far the largest portion of the Village of Blissfield, Michigan's net assets (90 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village of Blissfield, Michigan uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village of Blissfield, Michigan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Village of Blissfield, Michigan's Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current and other assets	\$ 1,813,796	\$ 360,120	\$ 2,173,916
Capital assets	<u>7,410,968</u>	<u>12,011,136</u>	<u>19,422,104</u>
Total assets	<u>\$ 9,224,764</u>	<u>\$ 12,371,256</u>	<u>\$ 21,596,020</u>
Long term liabilities outstanding	\$ 2,521,644	\$ 6,299,461	\$ 8,821,105
Other liabilities	<u>1,010,094</u>	<u>400,486</u>	<u>1,410,580</u>
Total liabilities	<u>\$ 3,531,738</u>	<u>\$ 6,699,947</u>	<u>\$ 10,231,685</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	\$ 4,900,968	\$ 5,380,124	\$ 10,281,092
Restricted	782,743	134,445	917,188
Unrestricted	<u>9,315</u>	<u>156,740</u>	<u>166,055</u>
Total net assets	<u>\$ 5,693,026</u>	<u>\$ 5,671,309</u>	<u>\$ 11,364,335</u>

An additional portion of the Village of Blissfield, Michigan's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$166,055) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Village of Blissfield, Michigan is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

#### Financial Analysis of the Government's Funds

As noted earlier, the Village of Blissfield, Michigan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Village of Blissfield, Michigan's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Village of Blissfield, Michigan's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of this fifteen month period.

As of the fifteen month period ended September 30, 2005, the Village of Blissfield, Michigan's governmental funds reported combined ending fund balances of \$794,078, a decrease of (\$2,449,590) in comparison with the prior year June 30, 2004. Reserved fund balance (\$114,551) is not available for new spending since it already is committed and Special Revenue Funds have \$665,703 available for their special uses.

The General Fund is the chief operating fund of the Village of Blissfield, Michigan. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$11,335.

The fund balance of the Village of Blissfield, Michigan's General Fund decreased by (\$110,220) during the fifteen month period ended September 30, 2005. A key factor in this decrease was the \$155,781 for property purchases.

**Proprietary fund** - The Village of Blissfield, Michigan's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the utility fund at the end of the year amounted to \$156,740. The total increase in net assets for the fund was \$103,939.

#### **General Fund Budgetary Highlights**

Budgeting for fiscal year 2004-05 was made challenging by the transition to a fiscal year ending September 30. That resulted in fiscal year 2004-05 being a 15 month fiscal year, lasting from July 1, 2004 to September 30, 2005. In spite of the challenges presented by this situation, differences between the original fiscal year 2004-05 budget and the final amended budget were very minor (a net decrease of \$1,960 compared to a total original budget of \$1,805,000 (or .01%). The difference between the original budgeted amounts and final budgeted amounts is statistically insignificant.

One notable aspect of the General Fund's performance in fiscal year 2004-05 was the reduction of the fund balance from \$121,555 to \$11,335. This was the result of the accounting technique required to show a \$160,000 inter-fund loan from the Local Street Fund to the General Fund, and the \$160,000 in building demolition expenditures the loan funded. While the loan was accounted for as an inter-fund receivable/payable (and thus not as a revenue source), the demolition expenditures were indeed accounted for as expenditures. As of September 30, 2005, the General Fund owes a net payable to the Local Street of \$122,137. Had the inter-fund loan been represented as a General Fund revenue, the General Fund's year-end fund balance would then be \$133,472 (an increase of \$11,917 from last year). As it is, though, this payable will decrease by \$160,000 for 10 years, and thus the General Fund's fund balance will increase by that annual amount over the same 10-year period.



### Capital Asset and Debt Administration

**Capital assets.** The Village of Blissfield, Michigan's investment in capital assets for its governmental and business-type activities as of September 30, 2005, amounts to \$19,422,104 (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility systems, machinery and equipment, park facilities, roads, highways, and bridges, and other infrastructure. The total increase in the Village of Blissfield, Michigan's investment in capital assets for the current fifteen month period ended September 30, 2005 was 9% (a 8.9% increase for governmental activities and a 0.1 percent increase for business-type activities).

Major capital asset event during the current fifteen month period ended September 30, 2005 was:

- Construction on streets and capital improvements (\$2,818,638).

#### Village of Blissfield, Michigan's Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 298,271	\$	\$ 298,271
Land improvements	403,633		403,633
Buildings	437,276		437,276
Equipment, furniture, and books	451,832	78,106	529,938
Infrastructure	<u>5,819,956</u>	<u>11,933,030</u>	<u>17,752,986</u>
Total	<u>\$ 7,410,968</u>	<u>\$ 12,011,136</u>	<u>\$ 19,422,104</u>

Additional information on the Village of Blissfield's capital assets can be found in Note 3. C. on pages 32 – 33.

**Long-term debt.** At the end of the fifteen month period ended September 30, 2005, the Village of Blissfield, Michigan had total bonded and contract debt outstanding, excluding component unit, of \$9,171,011. Of this amount, \$6,880,000 comprises debt backed by the full faith and credit of the government. The remainder of the Village of Blissfield, Michigan's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

#### Village of Blissfield, Michigan's Outstanding Debt General Obligation and Revenue Bonds

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General obligation bonds	\$ 2,510,000	\$ 4,370,000	\$ 6,880,000
Revenue bonds	<u></u>	<u>2,291,011</u>	<u>2,291,011</u>
Total	<u>\$ 2,510,000</u>	<u>\$ 6,661,011</u>	<u>\$ 9,171,011</u>

The component unit (Downtown Development Authority) has total debt of \$660,818 at September 30, 2005. This debt consists of \$505,000 general obligation debt of the Village and \$155,818 in contract purchase debt.

Additional information on the Village of Blissfield, Michigan's long-term debt can be found in Note 3. E. on pages 36 -- 38 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors (some positive, some negative) were considered in preparing the Village of Blissfield's budget for fiscal year 2005-06.

- The occupancy rate of the Village of Blissfield's central business district is currently 91%, up from 88% a year ago.
- Inflationary trends in the Village continue to compare favorably to national indices.
- State revenue sharing payments are again not expected to increase in fiscal year 2005-06.
- While Village property tax revenues are expected to increase by approximately 3.2% for fiscal year 2005-06, a decrease in the tax millage rate as a result of Proposal A and the Headlee Amendment will partially offset an expected 5% increase in property values.
- The Village completed the needed infrastructure work to comply with a state-mandated combined sewer separation and abatement program, and is within a year of completing the system studies associated with that program.
- The Village was able to reduce personnel costs, particularly health insurance and disability insurance costs, by switching these programs to MERS insurance programs. By doing so, overall personnel costs were reduced by approximately 3.0%.

During fiscal year 2005-06, in addition to reducing the inter-fund payable to the Local Street Fund by \$16,000 (discussed elsewhere in this MD&A), the Village expects to increase the General Fund's fund balance by \$857. Due to the limitations that affect revenues and spending in the General Fund, the Village does not anticipate adding to that fund balance in fiscal year 2005-06 any more than that. However, we did not anticipate the need to raise taxes during fiscal year 2005-06, and only anticipate raising selected rates by 3% (just enough to cover inflation-baser cost increases). We also do not anticipate the need to transfer funds from any other fund to augment the available resources of the General Fund

We also anticipate the need to raise rates in the Village Utility (water and sewer) Fund in fiscal year 2004-05. Fortunately for the Village ratepayers, this increase is only 3%. It should be noted that 40% of these utility rates support debt payments for projects mandated by the State of Michigan, such as a new water plant and the combined sewer program.

### **Requests for Information**

This financial report is designed to provide a general overview of the Village of Blissfield, Michigan's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village of Blissfield, 408 East Adrian Street, P.O. Box 129, Blissfield, Michigan 49228.

October 28, 2005

### INDEPENDENT AUDITORS' REPORT

Village of Blissfield  
Lenawee County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of and for the fifteen month period ended September 30, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Blissfield, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Blissfield, Michigan, as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fifteen month period then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through vii and pages 45 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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October 28, 2005

Village of Blissfield  
Lenawee County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Blissfield, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Robertson, Eaton & Owen, P.C.***

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

September 30, 2005

	PRIMARY GOVERNMENT			COMPONENT UNIT
	Governmental Activities	Business - Type Activities	Total	Downtown Development Authority
<b>ASSETS:</b>				
Cash/savings accounts	\$ 553,248	\$ 62,445	\$ 615,693	\$ 15,499
Investments	1,102,433	7,279	1,109,712	30,628
Accounts receivables	151,340	118,777	270,117	83,928
Internal balance	6,775	(189)	6,586	
Inventory		27,979	27,979	
<b>Restricted assets:</b>				
Cash/savings accounts		6,510	6,510	
Investments		137,319	137,319	
<b>Capital assets:</b>				
Land	298,271		298,271	
Land improvements	678,720		678,720	
Equipment; furniture; books	1,493,379	199,356	1,692,735	
Buildings	1,005,443		1,005,443	
Infrastructure	11,193,955	14,227,676	25,421,631	869,885
Less: Accumulated depreciation	(7,258,800)	(2,415,896)	(9,674,696)	(148,648)
Total assets	\$ 9,224,764	\$ 12,371,256	\$ 21,596,020	\$ 851,292

	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>	<u>Downtown Development Authority</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 23,353	\$ 4,534	\$ 27,887	\$ 5,182
Accrued expenses	35,274	17,506	52,780	283
Customer deposits		24,061	24,061	
Liabilities payable from restricted assets		9,385	9,385	
Deferred revenue	789,729		789,729	
Mature bonds and interest payable	161,738	345,000	506,738	49,928
<b>Noncurrent liabilities:</b>				
Due within one year	71,017	13,450	84,467	
Due in more than one year	<u>2,450,627</u>	<u>6,286,011</u>	<u>8,736,638</u>	<u>610,890</u>
Total liabilities	<u>3,531,738</u>	<u>6,699,947</u>	<u>10,231,685</u>	<u>666,283</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	4,900,968	5,380,124	10,281,092	60,419
<b>Restricted for:</b>				
Highways and streets	423,512		423,512	
Public safety	26,040		26,040	
Culture and recreation	327,232		327,232	
Debt Service	5,959	134,445	140,404	
Unrestricted	<u>9,315</u>	<u>156,740</u>	<u>166,055</u>	<u>124,590</u>
Total net assets	<u>\$ 5,693,026</u>	<u>\$ 5,671,309</u>	<u>\$ 11,364,335</u>	<u>\$ 185,009</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF ACTIVITIES

For the Fifteen Month Period Ended September 30, 2005

PROGRAM REVENUES

	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
General government	\$ 383,464	\$	\$	\$
Public safety	685,637	56,570	36,574	
Public works	64,968			
Sanitation	11,479			
Culture and recreation	628,506	64,297		
Highways and streets	1,281,728	100,507	296,333	
Interest on long term debt	<u>153,357</u>			
Total governmental activities	<u>3,209,139</u>	<u>221,374</u>	<u>332,907</u>	<u>-</u>
<b>Business-Type Activities:</b>				
Utility systems	<u>1,556,383</u>	<u>1,667,193</u>		
Total business-type activities	<u>1,556,383</u>	<u>1,667,193</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,765,522</u>	<u>\$ 1,888,567</u>	<u>\$ 332,907</u>	<u>\$ -</u>
<b>Component Unit:</b>				
Downtown Development Authority	\$ 146,104	\$	\$	\$
Interest on long term debt	<u>65,561</u>			
Total component unit	<u>\$ 211,665</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Property taxes				
Intergovernmental – State				
Licenses, fees, and fines				
Contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets – beginning of year				
Net assets – end of year				

The notes to the financial statements are an integral part of this statement.

**NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS**

<b>PRIMARY GOVERNMENT</b>			<b>COMPONENT UNIT</b>
<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>	<b><u>Downtown Development Authority</u></b>
\$ (383,464)	\$	\$ (383,464)	\$
(592,493)		(592,493)	
(64,968)		(64,968)	
(11,479)		(11,479)	
(564,209)		(564,209)	
(884,888)		(884,888)	
<u>(153,357)</u>		<u>(153,357)</u>	
<u>(2,654,858)</u>	<u>-</u>	<u>(2,654,858)</u>	<u>-</u>
	<u>110,810</u>	<u>110,810</u>	
<u>-</u>	<u>110,810</u>	<u>110,810</u>	<u>-</u>
<u>\$ (2,654,858)</u>	<u>\$ 110,810</u>	<u>\$ ( 2,544,048)</u>	<u>\$ -</u>
\$	\$	\$	\$ (146,104)
<u>-</u>			<u>(65,561)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (211,665)</u>
\$ 1,465,371	\$	\$ 1,465,371	\$ 152,743
395,980		395,980	
67,052		67,052	
15,509		15,509	
36,563	31,026	67,589	478
66,580		66,580	
<u>37,897</u>	<u>(37,897)</u>		
<u>2,084,952</u>	<u>(6,871)</u>	<u>2,078,081</u>	<u>153,221</u>
(569,906)	103,939	(465,967)	(58,444)
<u>6,262,932</u>	<u>5,567,370</u>	<u>11,830,302</u>	<u>243,453</u>
<u>\$ 5,693,026</u>	<u>\$ 5,671,309</u>	<u>\$ 11,364,335</u>	<u>\$ 185,009</u>



## BALANCE SHEET

## GOVERNMENTAL FUNDS

September 30, 2005

ASSETS	General	Major Street	Local Street	Capital Projects	Other Governmental Funds	Total Governmental Funds
Cash/savings accounts	\$ 291,549	\$ 51,782	\$ 96,083	\$ 1,163	\$ 63,626	\$ 504,203
Investments at cost	359,419	9,716	376,456		304,399	1,049,990
Receivables:						
Accounts	96,427	17,669	37,244			151,340
Due from other funds	49,761					49,761
Advance to other funds			160,000			160,000
Total assets	\$ 797,156	\$ 79,167	\$ 669,783	\$ 1,163	\$ 368,025	\$ 1,915,294

## **LIABILITIES AND FUND BALANCES**

**Liabilities:**

Accounts payable	\$	12,380	\$	130	\$	7,942	\$	1,881	\$	22,333
Accrued liabilities		27,961		2,206		2,525		1,899		34,591
Due to other funds		574				37,868		90		43,546
Advance from other funds		160,000								160,000
Accrued sick pay		71,017								71,017
Deferred revenue		<u>513,889</u>				<u>275,840</u>				<u>789,729</u>
Total liabilities		<u>785,821</u>		<u>2,336</u>		<u>324,175</u>		<u>8,794</u>		<u>1,121,216</u>

**Fund Balances:**

**Reserved For:**

Debt service				5,959	5,959
Police equipment				20,592	20,592
Little league				36,000	36,000
Memorial Park				52,000	52,000
Advance			160,000		160,000
<b>Unreserved, Reported In:</b>					
General Fund	11,335				11,335
Special Revenue Funds		76,831	185,608	243,264	505,703
Capital Projects Fund				1,073	1,073
Permanent Funds				1,416	1,416
<b>Total fund balances</b>	<u>11,335</u>	<u>76,831</u>	<u>345,608</u>	<u>359,231</u>	<u>794,078</u>
<b>Total liabilities and fund balances</b>	<u>\$ 797,156</u>	<u>\$ 79,167</u>	<u>\$ 669,783</u>	<u>\$ 368,025</u>	<u>\$ 1,915,294</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS

September 30, 2005

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	\$ 7,445,853
The internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The assets and liabilities of the internal service fund (Motor Vehicle Fund) are included in governmental activities in the Statement of Net Assets.	100,345
Accrued interest payable on long term debt is recognized in governmental funds when paid and not when accrued.	(61,738)
Long-term portion of accrued sick and vacation pay liability are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(40,627)
Bond and loan indebtedness are recognized in the governmental funds when paid and not when accrued.	<u>(2,544,885)</u>
Net differences	4,898,948
Total fund balance in governmental funds	<u>794,078</u>
Total net assets of governmental activities	<u>\$ 5,693,026</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Fifteen Month Period Ended September 30, 2005

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Property taxes	\$ 1,039,323	\$	\$ 426,048	\$	\$	\$ 1,465,371
Licenses, fees and charges for services	86,333	5,077	95,430		56,570	243,410
Fines	41,088				3,928	45,016
Intergovernmental - Federal	36,574					36,574
Intergovernmental - State	395,980	223,219	73,114			692,313
Miscellaneous	51,545		11,183		3,851	66,579
Interest	12,299	771	10,320	5,641	7,532	36,563
Gifts	13,156				2,353	15,509
Total revenues	<u>1,676,298</u>	<u>229,067</u>	<u>616,095</u>	<u>5,641</u>	<u>74,234</u>	<u>2,601,335</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	525,834					525,834
Public safety	601,794				74,986	676,780
Public works	63,241					63,241
Sanitation	11,479					11,479
Culture - recreation	560,490				6,384	566,874
Highways and streets		223,968	336,725			560,693
Capital outlay:						
Highways and streets		26,684	41,009	2,397,266		2,464,959
<b>Debt Service:</b>						
Principal					95,000	95,000
Interest and agent fees					158,848	158,848
Total expenditures	<u>1,762,838</u>	<u>250,652</u>	<u>377,734</u>	<u>2,397,266</u>	<u>335,218</u>	<u>5,123,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(86,540)</u>	<u>(21,585)</u>	<u>238,361</u>	<u>(2,391,625)</u>	<u>(260,984)</u>	<u>(2,522,373)</u>

	<u>General</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Other financing sources (uses):</b>						
Transfers in						
Transfers out	\$ (23,680)	\$ 24,000	\$ (232,047)	\$ 77,697	\$ 248,978	\$ 350,675
Bond proceeds		(57,050)		34,885		(312,777)
						34,885
Total other financing sources ( uses)	(23,680)	(33,050)	(232,047)	112,582	248,978	72,783
Net change in fund balance	(110,220)	(54,635)	6,314	(2,279,043)	(12,006)	(2,449,590)
Fund balances at beginning of year	121,555	131,466	339,294	2,280,116	371,237	3,243,668
Fund balances at end of year	\$ 11,335	\$ 76,831	\$ 345,608	\$ 1,073	\$ 359,231	\$ 794,078

VILLAGE OF BLISSFIELD, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the Fifteen Month Period Ended September 30, 2005

Amounts reported for governmental activities in the Statement of Revenues,  
Expenditures and Changes in Fund Balances are different because:

Net change in fund balance -- total governmental funds	\$	\$ (2,449,590)
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Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Total capital outlay \$2,629,675 less total depreciation \$807,222.)		1,822,453
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This issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these assets. This amount is the net effect of these differences in the treatment of long-term debt.

Debt incurred during current year		
Bond proceeds	(34,885)	
Less: Principal repayment	<u>95,000</u>	
		60,115

Internal service fund is used by management to charge the costs of equipment through equipment rental to individual funds. The net revenue of certain activities of the Motor Vehicle Fund is reported with governmental activities.		(215)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds --

Accrued interest -- net effect		5,491
Accrued long-term leave -- net effect		<u>(8,160)</u>

Change in net assets in governmental activities		<u>\$ (569,906)</u>
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Fifteen Month Period Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 1,518,900	\$ 980,000	\$ 1,039,323	\$ 59,323
<b>Licenses, fees and charges for services:</b>				
Swimming pool and summer programs	45,175	64,350	64,297	(53)
Licenses and permits	5,800	7,150	7,130	(20)
Mobile home park fees	2,750	1,700		(1,700)
Cable TV	15,000	15,000	14,906	(94)
Total licenses, fees and charges for services	68,725	88,200	86,333	(1,867)
<b>Fines:</b>				
Ordinance	28,750	40,720	40,718	(2)
Parking	500	370	370	
Total fines	29,250	41,090	41,088	(2)
Intergovernmental revenue - State	410,000	443,000	395,980	(47,020)
Intergovernmental revenue - grants	17,250	36,600	36,574	(26)
<b>Miscellaneous:</b>				
Other	60,500	59,090	51,545	(7,545)
Interest	12,500	12,300	12,299	(1)
Gifts	10,000	13,150	13,156	6
Land payment (Act 99)	165,000	165,000	-	(165,000)
Total revenues	2,292,125	1,838,430	1,676,298	(162,132)
<b>Expenditures:</b>				
<b>General Government:</b>				
Council	42,200	42,910	43,096	(186)
Administrator	47,250	46,910	47,116	(206)
Election		340	334	6
Clerk and Treasurer	65,900	66,730	65,685	1,045
Village Hall and grounds	331,800	351,860	322,053	29,807
Planning Commission	11,000	12,460	12,385	75
Professional service	34,200	35,430	35,165	265
Total General Government	532,350	556,640	525,834	30,806

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Fifteen Month Period Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Safety:</b>				
Police	\$ 597,700	\$ 585,630	\$ 594,807	\$ (9,177)
Zoning administrator	<u>7,560</u>	<u>7,000</u>	<u>6,987</u>	<u>13</u>
Total Public Safety	<u>605,260</u>	<u>592,630</u>	<u>601,794</u>	<u>(9,164)</u>
<b>Public Works:</b>				
Public improvements	14,060	10,990	9,781	1,209
Public Works Department	<u>57,660</u>	<u>54,220</u>	<u>53,460</u>	<u>760</u>
Total Public Works	<u>71,720</u>	<u>65,210</u>	<u>63,241</u>	<u>1,969</u>
<b>Sanitation:</b>				
Rubbish/recycling	<u>13,130</u>	<u>11,500</u>	<u>11,479</u>	<u>21</u>
<b>Culture - Recreation:</b>				
Library	199,860	196,110	195,847	263
Pool	89,070	104,340	94,037	10,303
Parks	126,500	121,360	121,053	307
Boys Scouts	4,640	1,820	1,784	36
Festival/recreation	52,310	51,470	52,151	(681)
Urban forestry	<u>110,160</u>	<u>101,960</u>	<u>95,618</u>	<u>6,342</u>
Total Culture - Recreation	<u>582,540</u>	<u>577,060</u>	<u>560,490</u>	<u>16,570</u>
Total expenditures	<u>1,805,000</u>	<u>1,803,040</u>	<u>1,762,838</u>	<u>40,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>487,125</u>	<u>35,390</u>	<u>(86,540)</u>	<u>(121,930)</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,000	1,000		(1,000)
Transfers out	<u>(90,000)</u>	<u>(31,000)</u>	<u>(23,680)</u>	<u>7,320</u>
Total other financing sources (uses)	<u>(89,000)</u>	<u>(30,000)</u>	<u>(23,680)</u>	<u>6,320</u>
Net change in fund balance	398,125	5,390	(110,220)	<u>(115,610)</u>
Fund balance - beginning of year			<u>121,555</u>	
Fund balance - end of year			<u>\$ 11,335</u>	

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**MAJOR STREET SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Fifteen Month Period Ended September 30, 2005**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues:</b>				
<b>Intergovernmental:</b>				
State Highway Funds – Act 51	\$ 185,000	\$ 212,000	\$ 212,493	\$ 493
State Highway Funds – trunkline maintenance	12,000	10,700	10,726	26
<b>Miscellaneous:</b>				
Sales to individuals	15,000	7,150	5,077	(2,073)
Interest	<u>1,200</u>	<u>800</u>	<u>771</u>	<u>(29)</u>
Total revenues	<u>213,200</u>	<u>230,650</u>	<u>229,067</u>	<u>(1,583)</u>
<b>Expenditures:</b>				
Administration	27,180	32,250	34,801	(2,551)
Maintenance	139,870	145,100	142,961	2,139
Traffic	7,810	10,170	10,096	74
Winter maintenance	18,520	17,070	17,025	45
223 Highway	17,340	18,700	18,441	259
Municipal street lighting	<u>28,750</u>	<u>28,930</u>	<u>27,328</u>	<u>1,602</u>
Total expenditures	<u>239,470</u>	<u>252,220</u>	<u>250,652</u>	<u>1,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,270)</u>	<u>(21,570)</u>	<u>(21,585)</u>	<u>(15)</u>
<b>Other financing sources (uses):</b>				
Transfers in	53,750	29,000	24,000	(5,000)
Transfers out	<u>(17,680)</u>	<u>(57,050)</u>	<u>(57,050)</u>	
Total other financing sources (uses)	<u>36,070</u>	<u>(28,050)</u>	<u>(33,050)</u>	<u>(5,000)</u>
Net change in fund balance	9,800	(49,620)	(54,635)	(5,015)
Fund balance – beginning of year			<u>131,466</u>	
Fund balance – end of year			<u>\$ 76,831</u>	

The notes to the financial statements are an integral part of this statement.



**VILLAGE OF BLISSFIELD, MICHIGAN**

**LOCAL STREET SPECIAL REVENUE FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL**

**For the Fifteen Month Period Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 705,000	\$ 425,000	\$ 426,048	\$ 1,048
<b>Intergovernmental:</b>				
State Highway Funds – Act 51	71,850	72,600	73,114	514
<b>Miscellaneous:</b>				
Sales to individuals	45,000	83,400	95,430	12,030
Interest	6,000	10,300	10,320	20
Miscellaneous	<u>13,000</u>	<u>11,200</u>	<u>11,183</u>	<u>(17)</u>
Total revenues	<u>840,850</u>	<u>602,500</u>	<u>616,095</u>	<u>13,595</u>
<b>Expenditures:</b>				
Administration	70,200	168,740	92,597	76,143
Maintenance	129,090	222,590	227,583	(4,993)
Traffic	6,470	6,930	7,981	(1,051)
Winter maintenance	18,120	16,300	16,250	50
Municipal street lighting	<u>36,250</u>	<u>35,510</u>	<u>33,323</u>	<u>2,187</u>
Total expenditures	<u>260,130</u>	<u>450,070</u>	<u>377,734</u>	<u>72,336</u>
Excess of revenues over expenditures	580,720	152,430	238,361	85,931
<b>Other financing uses:</b>				
Transfers out	<u>(245,890)</u>	<u>(245,890)</u>	<u>(232,047)</u>	<u>13,843</u>
Net change in fund balance	334,830	(93,460)	6,314	99,774
Fund balance – beginning of year			<u>339,294</u>	
Fund balance – end of year			<u>\$ 345,608</u>	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

CAPITAL PROJECTS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –  
BUDGET AND ACTUAL

For the Fifteen Month Period Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest	\$ 5,600	\$ 5,600	\$ 5,641	\$ 41
Total revenues	5,600	5,600	5,641	41
<b>Expenditures:</b>				
<b>Capital outlay:</b>				
Street maintenance	2,331,000	2,334,510	2,397,266	(62,756)
Total expenditures	2,331,000	2,334,510	2,397,266	(62,756)
Excess (deficiency) of revenues over (under) expenditures	(2,325,400)	(2,328,910)	(2,391,625)	(62,715)
<b>Other financing sources (uses):</b>				
Bond/loan proceeds	45,300	48,800	34,885	(13,915)
Transfers in			77,697	77,697
Total other financing sources (uses)	45,300	48,800	112,582	63,782
Net change in fund balance	(2,280,100)	(2,280,110)	(2,279,043)	1,067
Fund balance – beginning of year			2,280,116	
Fund balance – end of year			\$ 1,073	

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2005

	Business Type Activity - <u>Enterprise Fund</u>	Governmental Activity - <u>Internal Service Fund</u>
<u>ASSETS</u>	<u>Utility</u>	<u>Motor Vehicle</u>
<b>Current assets:</b>		
Cash/savings accounts	\$ 62,445	\$ 49,045
Investments	7,279	52,443
Accounts receivable	118,777	
Due from other funds	19	560
Inventory	<u>27,979</u>	<u>          </u>
Total current assets	<u>216,499</u>	<u>102,048</u>
<b>Noncurrent assets:</b>		
<b>Restricted assets:</b>		
Cash/savings accounts	6,510	
Investments	<u>137,319</u>	<u>          </u>
Total restricted assets	<u>143,829</u>	<u>-</u>
<b>Capital assets:</b>		
Utility systems	14,227,676	
Equipment	199,356	835,961
Less: Accumulated depreciation	<u>(2,415,896)</u>	<u>(641,729)</u>
Total capital assets – net	<u>12,011,136</u>	<u>194,232</u>
Total noncurrent assets	<u>12,154,965</u>	<u>194,232</u>
Total assets	<u>\$ 12,371,464</u>	<u>\$ 296,280</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**STATEMENT OF NET ASSETS**

**PROPRIETARY FUNDS**

**September 30, 2005**

<b>LIABILITIES AND NET ASSETS</b>	<b>Business Type Activity - Enterprise Fund</b>	<b>Governmental Activity - Internal Service Fund</b>
	<b>Utility</b>	<b>Motor Vehicle</b>
<b>Current liabilities:</b>		
Accounts payable	\$ 4,534	\$ 1,020
Accrued expenses	17,506	683
Customer deposits	24,061	
Due to other funds	208	
Revenue bonds payable	100,000	
General obligation bonds payable	245,000	
Accumulated leave	<u>13,450</u>	
Total current liabilities	<u>404,759</u>	<u>1,703</u>
<b>Current liabilities payable from restricted assets:</b>		
Accrued interest	<u>9,385</u>	<u>-</u>
<b>Noncurrent liabilities:</b>		
Revenue bonds payable	2,161,011	
General obligation bonds payable	<u>4,125,000</u>	
Total noncurrent liabilities	<u>6,286,011</u>	<u>-</u>
Total liabilities	<u>6,700,155</u>	<u>1,703</u>
<b>Net assets:</b>		
Invested in capital assets, net of related debt	5,380,124	194,232
Restricted for debt service	134,445	
Unrestricted	<u>156,740</u>	<u>100,345</u>
Total net assets	<u>\$ 5,671,309</u>	<u>\$ 294,577</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Fifteen Month Period Ended September 30, 2005**

	<b>Business Type Activity - Enterprise Fund</b>	<b>Governmental Activity - Internal Service Fund</b>
	<b><u>Utility</u></b>	<b><u>Motor Vehicle</u></b>
<b>Operating revenues:</b>		
Sales	\$ 1,582,876	\$
Equipment rental		155,820
Service charges	32,200	83
Tank water	52,117	
Interest/late charges	31,026	7,657
Miscellaneous		4,406
	<u>1,698,219</u>	<u>167,966</u>
<b>Total operating revenues</b>		
	<u>1,698,219</u>	<u>167,966</u>
<b>Operating expenses:</b>		
Administration	128,016	
Water Department	448,170	
Sewer Department	254,898	
Collection – sewer	119,388	
Wages and fringes		34,684
Materials and supplies		34,166
Maintenance and repairs		19,619
Insurance		10,496
Depreciation	335,266	61,888
Miscellaneous		7,328
	<u>1,285,738</u>	<u>168,181</u>
<b>Total operating expenses</b>		
	<u>1,285,738</u>	<u>168,181</u>
<b>Operating income</b>	<u>412,481</u>	<u>(215)</u>
<b>Nonoperating revenues (expenses):</b>		
Interest expense	(270,041)	
Bond agent expense	(604)	
	<u>(270,645)</u>	<u>-</u>
<b>Total nonoperating revenues (expenses)</b>		
	<u>(270,645)</u>	<u>-</u>
<b>Income before transfers</b>	141,836	(215)
<b>Transfers out</b>	<u>(37,897)</u>	<u>-</u>
<b>Change in net assets</b>	103,939	(215)
<b>Total net assets – beginning of year</b>	<u>5,567,370</u>	<u>294,792</u>
<b>Total net assets – end of year</b>	<u>\$ 5,671,309</u>	<u>\$ 294,577</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Fifteen Month Period Ended September 30, 2005

INCREASE IN CASH AND CASH EQUIVALENTS

	Business Type Activity - <u>Enterprise Fund</u>	Governmental Activity - <u>Internal Service Fund</u>
	<u>Utility</u>	<u>Motor Vehicle</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 1,669,911	\$ 162,560
Cash paid to suppliers/employees	(922,243)	(106,446)
Interest received	<u>31,026</u>	<u>7,657</u>
Net cash provided by operating activities	<u>778,694</u>	<u>63,771</u>
<b>Cash flows from capital and related financing activities:</b>		
Capital expenditures	(35,532)	(61,314)
Bonds paid off	(360,000)	
Interest expense	(270,041)	
Bond agent fees	(600)	
Transfers	<u>(37,897)</u>	<u></u>
Net cash used in capital and related financing activities	<u>(704,070)</u>	<u>(61,314)</u>
Net increase in cash and cash equivalents	74,624	2,457
Cash and cash equivalents at beginning of year	<u>138,930</u>	<u>99,031</u>
Cash and cash equivalents at end of year	<u>\$ 213,554</u>	<u>\$ 101,488</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For Fiscal Year Ended September 30, 2005

RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES

	Business Type Activity - <u>Enterprise Fund</u>	Governmental Activity - <u>Internal Service Fund</u>
	<u>Utility</u>	<u>Motor Vehicle</u>
Operating income	\$ 412,481	\$ (215)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	335,266	61,888
Change in Assets and Liabilities:		
(Increase) decrease in accounts receivable	2,718	2,251
(Increase) decrease in due from other funds	20,000	
(Increase) decrease in inventory	(576)	
Increase (decrease) in accounts payable and other liabilities	7,435	(153)
Increase (decrease) in accrued leave	<u>1,370</u>	<u></u>
Total adjustments	<u>366,213</u>	<u>63,986</u>
Net cash provided by operating activities	\$ <u>778,694</u>	\$ <u>63,771</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS – AGENCY TYPE**

**September 30, 2005**

<u><b>ASSETS</b></u>	<u><b>Trust And Agency</b></u>	<u><b>Payroll</b></u>	<u><b>Garbage Collection</b></u>
Cash/savings accounts	\$ 1,925	\$ 55,237	\$ 4,795
Inventory – tags			1,433
Total assets	<u>\$ 1,925</u>	<u>\$ 55,237</u>	<u>\$ 6,228</u>
<u><b>LIABILITIES AND NET ASSETS</b></u>			
Due to other funds	\$ 358	\$	\$ 6,228
Due to other governments	1,567	3,122	
Pension payable – deferred		<u>52,115</u>	
Total liabilities	<u>\$ 1,925</u>	<u>\$ 55,237</u>	<u>\$ 6,228</u>
Net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.



VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Blissfield, Michigan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

A. Reporting Entity

The Village of Blissfield is a Michigan Municipal Corporation governed by the Village Council. The accompanying financial statements present the government and its component unit, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Discretely presented component unit.

Downtown Development Authority (DDA) was created as a separate legal entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and any capital projects of DDA. Prior approval by the Village is needed on any taxation by DDA. And, the Village's approval is needed for any borrowing done by DDA. The Downtown Development Authority is presented as a governmental fund type.

Separate financial statements for the component unit are not available.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and a major individual utility fund are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Amounts due from other governments and services provided associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Major Streets Fund* is a Special Revenue Fund that receives State and local funding for the purpose of construction and maintenance of Village streets designated as major streets under State of Michigan Act 51 of Public Acts of 1951.

The *Local Streets Fund* is a Special Revenue Fund that receives State and local funding for the purpose of construction and maintenance of Village streets designated as local streets under State of Michigan Act 51 of Public Acts of 1951. Also, receives property tax revenue restricted for street improvements.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital projects other than those financed by proprietary funds and trust funds.

The government reports the following major proprietary fund:

The *Utility Fund* accounts for the acquisition, operation, and maintenance of the Village's sewage treatment plant, pumping stations, and collection systems, and the water plant and water distribution system.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

*Special Revenue Funds* (Building Inspection and Library Trust) are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The *Internal Service Fund* (Motor Vehicle) accounts for equipment expense by which other government funds reimburse through equipment rental charges.

*Permanent Funds* (Police Equipment, Bachmayer Little League, and Clara Bachmayer Memorial Park) are fiduciary fund types used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs – that is the benefit of the Village or its citizenry.

*Fiduciary Funds – Agency Type* (Trust and Agency, Payroll, and Garbage Collection) account for assets held by the Village acting as an agent for individuals, private organizations, other governments, and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of the following subsequent private-sector guidance for their business-type activities (utility and motor vehicle funds), subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments of utility charges between the Village's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various function concerned.

Amounts reported as *program revenues* included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary Funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utility Fund are charges to customers for sales and services. Operating expenses for the funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**E. Assets, liabilities, and net assets or equity.**

**1. Cash and investments**

Cash includes amounts in cash on hand, demand deposits, except those deposits noted as investments (see below), as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments include money market and certificates of deposit where the intent is to hold funds long-term, as well as investments with maturity dates over three months of the date acquired by the government.

State statutes authorize the government to invest in Obligations of the U.S. Treasury, Federal Agencies, commercial paper, corporate bonds, repurchase agreements, and State approved Investment Pools.

Investments are stated at cost or amortized cost. The Village Council will use amortized cost only when it reflects fair value of the investment. Currently, no investments are stated at amortized cost.

**2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The Village had one advance between funds at September 30, 2005.

Personal property taxes receivable is shown net of an allowance for uncollectibles.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2005**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property taxes are levied as of July 1 on property values assessed as of the prior December 1. The billing is mailed on July 1 and is considered due upon receipt by the taxpayer; however, the actual due date is September 14. A lien on property occurs when property taxes are levied (July 1). On September 14, the bill becomes delinquent and penalties and interest may be assessed by the government.

The Village had a general tax millage of 9.7883 for 2005. The Village's maximum allowable millage is 12.5 mills. It also levied 4.5535 mills for the general highway fund of which the maximum allowable is 5 mills.

Delinquent real property taxes are turned over to the County and reimbursed through a revolving fund. Therefore, property taxes receivable are not accounted for under the 60 day rule.

**3. Inventories and prepaid items**

All inventories are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**4. Restricted assets**

Certain proceeds of utility fund revenue bonds and general obligations bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The bond interest and redemption account is used to segregate resources accumulated for debt service payments. The bond reserve account is used to report resources set aside to make debt service payment on bonds which would otherwise be in default.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20 - 50
Buildings	50
Machinery, equipment, and furnishings	10 - 20
Utility systems	10 - 100
Infrastructure	20 - 100

**6. Compensated absences**

Employees of the Village can accumulate paid time off (PTO) up to a maximum of 150% of the number of accrued PTO hours per longevity schedule in employee contract, and employees have a vested right to 100% of accumulated paid time off in the event of death or retirement, and have a 50% vested right to accumulative sick leave.

The current portion (the amount normally expected to be liquidated with expendable available financial resources) of accrued sick and PTO are shown as a liability and expenditure in the applicable governmental fund types. The entire accrued sick and PTO pay related to governmental fund types is reported in the government-wide statements.

In the proprietary funds as well as in the government-wide statements, the vested sick and PTO pay are recorded as an expense and liability of those funds as the benefits accrue to employees.

**7. Long-term obligations**

In the governmental-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types recognize any bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The accounting basis used by the Village for budgeting is in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Village follows the budgetary procedures outlined by the State of Michigan including public hearings and proper adoption. All funds of the Village have a budget. All annual appropriations lapse at fiscal year end. The budgets are amended during the year as needed.

B. Excess of expenditures over appropriations in budgetary funds

P.A. 621 of 1978, Section 18(1), as amended, of the State of Michigan provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on an activity basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended September 30, 2005, the Village incurred expenditures in several funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
<b>General Fund</b>			
<b>General Government:</b>			
Council/administration	\$ 89,820	\$ 90,212	\$ 392
<b>Public Safety:</b>			
Police	585,630	594,807	9,177
<b>Culture – Recreation:</b>			
Festival/recreation	51,470	52,151	681
<b>Capital Projects Fund:</b>			
Capital outlay			
Highways and streets	2,334,510	2,397,266	62,756
<b>Building Inspection Fund:</b>			
Inspections	71,930	74,986	3,056

These additional expenditures were funded by greater than anticipated revenues..

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of September 30, 2005, the Village had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Matures</u> <u>(In Years)</u> <u>0 - 5</u>
Certificates of Deposit	\$ <u>1,277,659</u>	\$ <u>1,277,659</u>

*Interest Rate Risk* – Currently, the Village limits this risk by having many of the above investments with short term maturities; many have less than one year.

*Credit Risk* – The Village limits credit risk by allowing investments and deposits only in certificates of deposit, savings accounts, and checking accounts.

*Concentrations of Credit Risk* – The Village's investment policy does not limit the amount of investment with any one issuer. The Village has approximately 93% of its deposits with Blissfield State Bank at September 30, 2005. LaSalle Bank held 76% of the Village's investments and United Bank and Trust held 24% of the investments at September 30, 2005. In the majority of cases, one of these three banks account for the majority of investments or deposits in a particular fund of the Village.

*Custodial Credit Risk – Deposits* – Custodial Credit Risk is the risk that in the event of a bank failure, the deposits or investments may not be fully returned to the Village. Neither the Village nor the discretely presented component unit have a policy limiting custodial credit risk, other than authorizing the depositories used. As of September 30, 2005, the Village's total bank balance of \$981,536 had exposure to custodial credit risk on \$834,858 of this balance because it was uninsured.

*Custodial Credit Risk – Investments* – As of September 30, 2005, the investments of the Village totaled \$1,277,659. Of this balance \$1,077,659 was exposed to custodial credit risk because it was uninsured.



VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 3. DETAILED NOTES ON ALL FUNDS

B. Receivables

Receivables as of year end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Utility Fund</u>	<u>Total</u>
<b>Receivables:</b>					
Taxes	\$ 88,670	\$	\$	\$	\$ 88,670
Accounts	7,757			118,777	126,534
Special assessments		15,924	37,244		53,168
Intergovernmental		<u>1,745</u>			<u>1,745</u>
Gross receivables	96,427	17,669	37,244	118,777	270,117
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 96,427</u>	<u>\$ 17,669</u>	<u>\$ 37,244</u>	<u>\$ 118,777</u>	<u>\$ 270,117</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital assets**

Capital asset activity for the fifteen month period ended September 30, 2005 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 142,490	\$ 155,781	\$	\$ 298,271
Construction in progress	<u>456,257</u>		<u>(456,257)</u>	
Total capital assets, not being depreciated	<u>598,747</u>	<u>155,781</u>	<u>(456,257)</u>	<u>298,271</u>
Capital assets, being depreciated:				
Land improvements	678,720			678,720
Buildings	1,005,443			1,005,443
Equipment, furniture, and books	1,416,751	76,628		1,493,379
Infrastructure	<u>8,375,317</u>	<u>2,818,638</u>		<u>11,193,955</u>
Total capital assets, being depreciated	<u>11,476,231</u>	<u>2,895,266</u>	<u>-</u>	<u>14,371,497</u>
Less: Accumulated depreciation for:				
Land improvements	(258,119)	(16,968)		(275,087)
Buildings	(542,940)	(25,227)		(568,167)
Equipment, furniture, and books	(929,862)	(111,685)		(1,041,547)
Infrastructure	<u>(4,720,657)</u>	<u>(653,342)</u>		<u>(5,373,999)</u>
Total accumulated depreciation	<u>(6,451,578)</u>	<u>(807,222)</u>	<u>-</u>	<u>(7,258,800)</u>
Total capital assets, being depreciated, net	<u>5,024,653</u>	<u>2,088,044</u>	<u>-</u>	<u>7,112,697</u>
Governmental activities, capital assets - net	<u>\$ 5,623,400</u>	<u>\$ 2,243,825</u>	<u>\$ (456,257)</u>	<u>\$ 7,410,968</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Utility systems	\$ 14,205,481	\$ 22,195	\$	\$ 14,227,676
Equipment	<u>186,019</u>	<u>13,337</u>	<u>          </u>	<u>199,356</u>
Total capital assets, being depreciated	<u>14,391,500</u>	<u>35,532</u>	<u>-</u>	<u>14,427,032</u>
Less: Accumulated depreciation for:				
Utility systems	(1,978,498)	(316,148)		(2,294,646)
Equipment	<u>(102,132)</u>	<u>(19,118)</u>	<u>          </u>	<u>(121,250)</u>
Total accumulated depreciation	<u>(2,080,630)</u>	<u>(335,266)</u>	<u>-</u>	<u>(2,415,896)</u>
Total capital assets, being depreciated – net	<u>\$ 12,310,870</u>	<u>\$ (299,734)</u>	<u>\$ -</u>	<u>\$ 12,011,136</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

General government	\$ 31,301
Public safety	32,984
Culture and recreation	89,595
Highways and streets	<u>653,342</u>

Total depreciation expense –  
governmental activities

\$ 807,222

**Business-type activities:**

Utility systems	<u>\$ 335,266</u>
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Total depreciation expense –  
business-type activities

\$ 335,266

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

Construction commitments

The government has no active construction commitments as of September 30, 2005.

Discretely presented component unit:

Capital asset activity for the Downtown Development Authority (DDA) for the fifteen month period ended September 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Land improvements –				
parking lots	\$ 835,000	\$ 34,885	\$	\$ 869,885
Less: Accumulated				
depreciation for:				
Land improvements –				
parking lots	<u>(131,250)</u>	<u>(17,398)</u>	<u>          </u>	<u>(148,648)</u>
DDA capital assets – net	<u>\$ 703,750</u>	<u>\$ 17,487</u>	<u>\$ -</u>	<u>\$ 721,237</u>

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund receivables, payables, and transfers

Primary Government

Due to/from other funds:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 37,863	Local Street	\$ 37,863
General	90	Capital Projects	90
General	208	Utility	208
General	358	Trust & Agency	358
General	5,014	Police Trust	5,014
General	6,228	Garbage	6,228
Utility	19	General	19
Motor Vehicle	555	General	555
Motor Vehicle	<u>5</u>	Local Street	<u>5</u>
Total primary government	<u>\$ 50,340</u>		<u>\$ 50,340</u>

Advance to/from other funds:

<u>Fund</u>	<u>Advance Receivable</u>	<u>Fund</u>	<u>Advance Payable</u>
Local Street	<u>\$ 160,000</u>	General	<u>\$ 160,000</u>

Terms on this loan/advance are - ten (10) year payback period with annual payment of \$16,088 (including interest at 0.1%), commencing March 31, 2006. Proceeds from this advance were used to purchase property.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**Interfund transfers:**

Transfers out:	<u>Transfers In</u>				
	<u>Major Street</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Building Inspection</u>	<u>Total</u>
Local Street	\$ 24,000	\$ 77,697	\$ 130,350	\$	\$ 232,047
Major Street			57,050		57,050
Utility			37,898		37,898
General				23,680	23,680
	<u>\$ 24,000</u>	<u>\$ 77,697</u>	<u>\$ 225,298</u>	<u>\$ 23,680</u>	<u>\$ 350,675</u>

**E. Long-term debt**

**General Obligation Bonds**

The Village has issued general obligation bonds to finance capital improvements related to streets, parking lots, and utility systems. The original amount of general obligation bonds issued in prior years was \$5,500,000. During the year, general obligation bonds and purchase contract totaling \$3,150,000 were issued.

Also, Downtown Development Authority (DDA) has issued a limited general obligation bond issue for \$685,000 for construction of parking lots.

Annual debt service requirements to maturity for general obligation bonds and contract purchase are as follows:

<u>Year Ending September 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Component Unit – DDA</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 100,000	\$ 123,475	\$ 245,000	\$ 109,250	\$ 52,001	\$ 41,490
2007	105,000	120,775	250,000	103,125	52,656	38,456
2008	110,000	117,730	255,000	96,875	58,336	35,361
2009	115,000	114,320	265,000	90,500	64,041	31,855
2010	120,000	110,525	270,000	83,875	69,775	27,972
2011 – 2015	685,000	481,375	1,450,000	314,875	364,009	70,355
2016 – 2020	845,000	323,770	1,635,000	124,750		
2021 – 2025	430,000	32,940				
	<u>\$ 2,510,000</u>	<u>\$ 1,424,910</u>	<u>\$ 4,370,000</u>	<u>\$ 923,250</u>	<u>\$ 660,818</u>	<u>\$ 245,489</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds and purchase contract currently outstanding are as follows:

<u>Purpose:</u>	<u>Interest Rate</u>	<u>Amount</u>
Governmental activities	3.73% - 4.48%	\$ 2,510,000
Business-type activities	2.5%	<u>4,370,000</u>
Total - Primary Government		6,880,000
Component unit (DDA)	3.73% - 6.965%	<u>660,818</u>
Total		<u>\$ 7,540,818</u>

The Village also has issued bonds where the Village has pledged income derived from the acquired or constructed assets to pay debt service. In prior years, the Village has issued revenue bonds totaling \$2,716,033 to finance construction projects for both the water and wastewater systems.

Revenue bonds outstanding at September 30, 2005 are as follows:

<u>Purpose:</u>	<u>Interest Rate</u>	<u>Amount</u>
Wastewater Treatment Plant improvements	5.1436%	\$ 865,000
Water System improvements	2.5%	<u>1,426,011</u>
Total		<u>\$ 2,291,011</u>

Revenue bond debt service requirements to maturity are as follows

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 100,000	\$ 79,156
2007	100,000	76,231
2008	105,000	73,281
2009	105,000	69,581
2010	110,000	67,056
2011 - 2015	610,000	288,639
2016 - 2020	696,000	172,809
2021 - 2025	340,011	76,955
2026 - 2030	<u>125,000</u>	<u>9,880</u>
Total	<u>\$ 2,291,011</u>	<u>\$ 913,588</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**CHANGES IN LONG TERM LIABILITIES**

Long-term liability activity for the fifteen month period ended September 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 2,605,000	\$	\$ (95,000)	\$ 2,510,000	\$ 100,000
Accrued sick and vacation	<u>91,315</u>	<u>30,330</u>	<u></u>	<u>121,645</u>	<u>84,467</u>
Governmental activity - long-term liability	<u>\$ 2,696,315</u>	<u>\$ 30,330</u>	<u>\$ (95,000)</u>	<u>\$ 2,631,645</u>	<u>\$ 184,467</u>
<b>Business-type activities:</b>					
General obligation bonds	\$ 4,610,000	\$	\$ (240,000)	\$ 4,370,000	\$ 245,000
Revenue bonds	<u>2,381,011</u>	<u></u>	<u>(90,000)</u>	<u>2,291,011</u>	<u>100,000</u>
Total bonds payable	6,991,011	-	(330,000)	6,661,011	345,000
Accrued sick and vacation	<u>12,340</u>	<u>1,110</u>	<u></u>	<u>13,450</u>	<u></u>
Business-type activity - long-term liability	<u>\$ 7,003,351</u>	<u>\$ 1,110</u>	<u>\$ (330,000)</u>	<u>\$ 6,674,461</u>	<u>\$ 345,000</u>

**CHANGES IN LONG TERM LIABILITIES**

**Component unit (DDA):**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Component unit – long term liabilities	<u>\$ 685,000</u>	<u>\$ 34,885</u>	<u>\$ (59,067)</u>	<u>\$ 660,818</u>	<u>\$ 52,001</u>



**VILLAGE OF BLISSFIELD, MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2005**

**NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Segment information**

The Village maintains two Utility Systems which provide water and sewer services. Segment information for the fifteen month period ended September 30, 2005 is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 884,937	\$ 813,282	\$ 1,698,219
Depreciation expense and amortization	275,030	60,236	335,266
Operating income	100,128	312,353	412,481
Net income before transfers	(126,317)	268,153	141,836
Property, plant, and equipment additions	19,403	16,129	35,532
Net working capital	58,185	98,555	156,740
Total assets	8,405,111	3,966,353	12,371,464
<b>Bonds and other long term liabilities:</b>			
Payable from operating revenues	5,766,011	865,000	6,631,011
Total net assets	1,990,551	3,680,758	5,671,309

**NOTE 4. OTHER INFORMATION**

**Retirement Plan**

**A. Plan description**

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is the Gabriel, Roeder, Smith & Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Blissfield, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees' Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 4. OTHER INFORMATION (Continued)

B. Funding policy

Employees make no contributions to the MERS Plan. The Village is required to contribute the actuarially determined amount each year. The current contribution rate is 11% of annual covered payroll. The contribution requirements of the Village of Blissfield are established and may be amended by the Board of Trustees of MERS.

C. Annual pension cost

For the fifteen month period ended September 30, 2005, the Village's required annual pension contribution was \$110,903. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

[a] 8.0% investment rate of return,

[b] projected salary increases of 4.5% per year compounded annually,

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

The unfunded actuarial accrual liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period is thirty (30) years.

Three Year Trend Information

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Recognized</b>	<b>Net Pension Obligation</b>
6/30/03	\$ 94,758	100%	-0-
6/30/04	78,684	100%	-0-
6/30/05	110,903	100%	-0-

VILLAGE OF BLISSFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

NOTE 4. OTHER INFORMATION (Continued)

D. Actuarial Accrued Liability (as of 12/31/04)

Retirees and beneficiaries currently receiving benefits	\$ 663,235
Terminated employees not yet receiving benefits	
Current employees --	
Accumulated employee contributions including	
allocated investment income	304,272
Employer financed	<u>1,198,664</u>
Total Actuarial Accrued Liability	2,166,171
Net Assets Available for Benefits at Actuarial Value	<u>1,821,268</u>
(Market Value is \$1,777,775)	
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$ 344,903</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**  
**REQUIRED SUPPLEMENTAL INFORMATION**

September 30, 2005

**VILLAGE'S DEFINED BENEFIT PENSION PLAN (MERS)**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets [a]	Actuarial Accrued Liability (AAL) Entry Age [b]	Unfunded AAL (UAAL) [b-a]	Funded Ratio [a/b]	Covered Payroll [c]	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$ 1,517,854	\$1,787,486	\$ 269,632	84.9%	\$ 641,981	42.0%
12/31/03	1,689,353	2,022,091	332,738	83.5%	756,260	44.0%
12/31/04	1,821,268	2,166,171	344,903	84.1%	783,506	44.0%

VILLAGE OF BLISSFIELD, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2005

	DEBT SERVICE		SPECIAL REVENUE FUNDS			PERMANENT FUNDS				Total Nonmajor Governmental Funds
	Debt Service	Building Inspection	Library	Total	Police Equipment	Bachmayer Little League	Clara Bachmayer Memorial Park	Total		
ASSETS:										
Cash	\$ 5,959	\$ 9,228	\$ 46,678	\$ 55,906	\$ 1,123	\$ 282	\$ 356	\$ 1,761	\$ 63,626	
Investments			191,138	191,138	24,483	36,715	52,063	113,261	304,399	
Total assets	<u>\$ 5,959</u>	<u>\$ 9,228</u>	<u>\$ 237,816</u>	<u>\$ 247,044</u>	<u>\$ 25,606</u>	<u>\$ 36,997</u>	<u>\$ 52,419</u>	<u>\$ 115,022</u>	<u>\$ 368,025</u>	
LIABILITIES:										
Accounts payable	\$	\$ 1,881	\$	\$ 1,881	\$	\$	\$	\$	\$ 1,881	
Accrued payroll		1,899		1,899					1,899	
Due to other funds					5,014			5,014	5,014	
Total liabilities	<u>-</u>	<u>3,780</u>	<u>-</u>	<u>3,780</u>	<u>5,014</u>	<u>-</u>	<u>-</u>	<u>5,014</u>	<u>8,794</u>	
FUND BALANCES:										
Reserved for police equipment					20,592			20,592	20,592	
Reserved for little league						36,000		36,000	36,000	
Reserved for Memorial Park							52,000	52,000	52,000	
Reserved for Debt Service	5,959	5,448	237,816	243,264			419	1,416	5,959	
Unreserved, undesignated						997			244,680	
Total fund balances	<u>5,959</u>	<u>5,448</u>	<u>237,816</u>	<u>243,264</u>	<u>20,592</u>	<u>36,997</u>	<u>52,419</u>	<u>110,008</u>	<u>359,231</u>	
Total liabilities and fund balances	<u>\$ 5,959</u>	<u>\$ 9,228</u>	<u>\$ 237,816</u>	<u>\$ 247,044</u>	<u>\$ 25,606</u>	<u>\$ 36,997</u>	<u>\$ 52,419</u>	<u>\$ 115,022</u>	<u>\$ 368,025</u>	

VILLAGE OF BLISSFIELD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2005

	<u>DEBT SERVICE</u>		<u>SPECIAL REVENUE FUNDS</u>			<u>PERMANENT FUNDS</u>				<u>Total</u>
	<u>Debt Service</u>	<u>Building Inspection</u>	<u>Library</u>	<u>Total</u>	<u>Police Equipment</u>	<u>Bachmayer Little League</u>	<u>Clara Bachmayer Memorial Park</u>	<u>Total</u>		<u>Nonmajor Governmental Funds</u>
<b>Revenues:</b>										
Interest	\$ 725	\$ 15	\$ 4,327	\$ 4,342	\$ 529	\$ 798	\$ 1,138	\$ 2,465	\$	7,532
Gifts			2,353	2,353						2,353
Fines			3,928	3,928						3,928
<b>Licenses, fees and charges for services:</b>										
Fee revenue		56,570		56,570						56,570
Miscellaneous			3,851	3,851						3,851
Total revenues	725	56,585	14,459	71,044	529	798	1,138	2,465		74,234
<b>Expenditures:</b>										
<b>Current:</b>										
Public safety:										
Inspections		74,986		74,986						74,986
<b>Culture and recreation:</b>										
Library			6,378	6,378		3	3	6		6,378
Other										6
<b>Debt Service:</b>										
Principal	95,000									95,000
Interest and agent fees	158,848									158,848
Total expenditures	253,848	74,986	6,378	81,364	-	3	3	6		335,218
Excess (deficiency) of revenues over (under) expenditures	(253,123)	(18,401)	8,081	(10,320)	529	795	1,135	2,459		(260,984)
<b>Other financing sources:</b>										
Transfers in	225,298	23,680		23,680						248,978
Net change in fund balances	(27,825)	5,279	8,081	13,360	529	795	1,135	2,459		(12,006)
Fund balances -- beginning of year	33,784	169	229,735	229,904	20,063	36,202	51,284	107,549		371,237
Fund balances -- end of year	5,959	5,448	237,816	243,264	20,592	36,997	52,419	110,008		359,231

The notes to the financial statements are an integral part of this statement.

VILLAGE OF BLISSFIELD, MICHIGAN

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fifteen Month Period Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Interest	\$ -	\$ 730	\$ 725	\$ (5)
Total revenues	-	730	725	(5)
<b>Expenditures:</b>				
Debt Service:				
Principal	95,000	95,000	95,000	
Interest	125,850	158,850	158,848	2
Bond agent fees	500			
Total expenditures	221,350	253,850	253,848	2
Excess (deficiency) of revenues over (under) expenditures	(221,350)	(253,120)	(253,123)	(3)
<b>Other financing sources:</b>				
Transfers in	221,500	219,500	225,298	5,798
Net change in fund balance	150	(33,620)	(27,825)	5,795
Fund balance - beginning of year			33,784	
Fund balance - end of year			\$ 5,959	

**VILLAGE OF BLISSFIELD, MICHIGAN**

**BUILDING INSPECTION SPECIAL REVENUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL**

**For the Fifteen Month Period Ended September 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Miscellaneous:</b>				
Fee revenue	\$ 56,410	\$ 56,975	\$ 56,570	\$ (405)
Interest	<u>120</u>	<u>15</u>	<u>15</u>	<u></u>
Total revenues	56,530	56,990	56,585	(405)
<b>Expenditures:</b>				
Inspections	<u>61,980</u>	<u>71,930</u>	<u>74,986</u>	<u>(3,056)</u>
Deficiency of revenues under expenditures	(5,450)	(14,940)	(18,401)	(3,461)
<b>Other financing sources (uses):</b>				
Transfers in	<u>6,000</u>	<u>15,000</u>	<u>23,680</u>	<u>8,680</u>
Net change in fund balance	550	60	5,279	5,219
Fund balance - beginning of year			<u>169</u>	
Fund balance - end of year			<u>\$ 5,448</u>	



VILLAGE OF BLISSFIELD, MICHIGAN

LIBRARY TRUST SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

For the Fifteen Month Period Ended September 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Gifts	\$	\$ 2,350	\$ 2,353	\$ 3
Fines	2,000	3,930	3,928	(2)
Interest	2,000	4,320	4,327	7
Miscellaneous	<u>2,500</u>	<u>3,840</u>	<u>3,851</u>	<u>11</u>
Total revenues	6,500	14,440	14,459	19
<b>Expenditures:</b>				
<b>Culture and recreation</b>				
Library	<u>206,330</u>	<u>6,390</u>	<u>6,378</u>	<u>12</u>
Net change in fund balance	(199,830)	8,050	8,081	31
Fund balance - beginning of year			<u>229,735</u>	
Fund balance - end of year			<u>\$ 237,816</u>	

# VILLAGE OF BLISSFIELD, MICHIGAN

## SCHEDULE OF INDEBTEDNESS

September 30, 2005

### PRIMARY GOVERNMENT:

The Village has constructed a new water treatment plant. The construction costs for the plant are being funded by two bond issues – an Unlimited Tax General Obligation Bond Issue of \$5,500,000 and a Water Supply System Revenue Bond Issue of \$971,033.

Also, the Village has an additional bond issue a (Water Supply System Revenue Bond Issue of \$750,000) to fund nitrate removal equipment at the new water treatment plant.

These bond issues were purchased by the Michigan Municipal Bond Authority under the Drinking Water Revolving Fund. Under the purchase contract, the Village will receive the principal proceeds as loan draw-downs as the construction costs are incurred.

\$5,500,000

### VILLAGE OF BLISSFIELD COUNTY OF LENAWEE, STATE OF MICHIGAN

#### UNLIMITED TAX GENERAL OBLIGATION WATER SUPPLY SYSTEM BONDS

SEPTEMBER 29, 1998  
2.50%

Payment Date	Principal Due	Interest Rate	Interest Due	Fiscal Year Total
10/1/05	\$		\$ 54,625.00	\$
04/1/06	245,000.00	2.50%	54,625.00	354,250.00
10/1/06			51,562.50	
04/1/07	250,000.00	2.50%	51,562.50	353,125.00
10/1/07			48,437.50	
04/1/08	255,000.00	2.50%	48,437.50	351,875.00
10/1/08			45,250.00	
04/1/09	265,000.00	2.50%	45,250.00	355,500.00
10/1/09			41,937.50	
04/1/10	270,000.00	2.50%	41,937.50	353,875.00
10/1/10			38,562.50	
04/1/11	275,000.00	2.50%	38,562.50	352,125.00
10/1/11			35,125.00	
04/1/12	285,000.00	2.50%	35,125.00	355,250.00
10/1/12			31,562.50	
04/1/13	290,000.00	2.50%	31,562.50	353,125.00
10/1/13			27,937.50	
04/1/14	295,000.00	2.50%	27,937.50	350,875.00
10/1/14			24,250.00	
04/1/15	305,000.00	2.50%	24,250.00	353,500.00
10/1/15			20,437.50	
04/1/16	310,000.00	2.50%	20,437.50	350,875.00
10/1/16			16,562.50	
04/1/17	320,000.00	2.50%	16,562.50	353,125.00
10/1/17			12,562.50	
04/1/18	325,000.00	2.50%	12,562.50	350,125.00
10/1/18			8,500.00	
04/1/19	335,000.00	2.50%	8,500.00	352,000.00
10/1/19			4,312.50	
04/1/20	345,000.00	2.50%	4,312.50	353,625.00
10/1/20			0.00	
	<u>\$ 4,370,000.00</u>		<u>\$ 923,250.00</u>	<u>\$ 5,293,250.00</u>

# VILLAGE OF BLISSFIELD, MICHIGAN

## SCHEDULE OF INDEBTEDNESS

September 30, 2005

### PRIMARY GOVERNMENT:

The Village issued a \$3,000,000 bond issue to finance certain capital improvements to the water, sanitary sewer, and storm water systems and improvements to certain streets. The bond issue has an average interest cost of 4.47942% annually.

The required debt payments follow:

\$3,000,000

### VILLAGE OF BLISSFIELD COUNTY OF LENAWE, STATE OF MICHIGAN

#### 2003 CAPITAL IMPROVEMENT BONDS LIMITED TAX GENERAL OBLIGATION

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Total Payment</u>	<u>Fiscal Year Total</u>
10/1/05			\$ 61,737.50	\$ 61,737.50	\$
04/1/06	100,000.00	2.700%	61,737.50	161,737.50	223,475.00
10/1/06			60,387.50	60,387.50	
04/1/07	105,000.00	2.900%	60,387.50	165,387.50	225,775.00
10/1/07			58,865.00	58,865.00	
04/1/08	110,000.00	3.100%	58,865.00	168,865.00	227,730.00
10/1/08			57,160.00	57,160.00	
04/1/09	115,000.00	3.300%	57,160.00	172,160.00	229,320.00
10/1/09			55,262.50	55,262.50	
04/1/10	120,000.00	3.500%	55,262.50	175,262.50	230,525.00
10/1/10			53,162.50	53,162.50	
04/1/11	125,000.00	3.700%	53,162.50	178,162.50	231,325.00
10/1/11			50,850.00	50,850.00	
04/1/12	130,000.00	3.900%	50,850.00	180,850.00	231,700.00
10/1/12			48,315.00	48,315.00	
04/1/13	135,000.00	4.000%	48,315.00	183,315.00	231,630.00
10/1/13			45,615.00	45,615.00	
04/1/14	140,000.00	4.100%	45,615.00	185,615.00	231,230.00
10/1/14			42,745.00	42,745.00	
04/1/15	155,000.00	4.200%	42,745.00	197,745.00	240,490.00
10/1/15			39,490.00	39,490.00	
04/1/16	155,000.00	4.300%	39,490.00	194,490.00	233,980.00
10/1/16			36,157.50	36,157.50	
04/1/17	160,000.00	4.400%	36,157.50	196,157.50	232,315.00
10/1/17			32,637.50	32,637.50	
04/1/18	170,000.00	4.500%	32,637.50	202,637.50	235,275.00
10/1/18			28,812.50	28,812.50	
04/1/19	175,000.00	4.600%	28,812.50	203,812.50	232,625.00
10/1/19			24,787.50	24,787.50	
04/1/20	185,000.00	4.700%	24,787.50	209,787.50	234,575.00
10/1/20					
04/1/21	195,000.00*				
10/1/21					
04/1/22	200,000.00*				
10/1/22			10,860.00	10,860.00	
04/1/23	210,000.00	5.000%	10,860.00	220,860.00	231,720.00
10/1/23			5,610.00	5,610.00	
04/1/24	220,000.00	5.100%	5,610.00	225,610.00	231,220.00
10/1/24					
	<u>\$ 2,510,000.00</u>		<u>\$ 1,424,910.00</u>	<u>\$ 3,934,910.00</u>	<u>\$ 3,934,910.00</u>

\*Not added to total. Paid in fiscal year 2003-2004.

VILLAGE OF BLISSFIELD, MICHIGAN

SCHEDULE OF INDEBTEDNESS

September 30, 2005

PRIMARY GOVERNMENT:

\$971,033

VILLAGE OF BLISSFIELD  
COUNTY OF LENAWE, STATE OF MICHIGAN

WATER SUPPLY SYSTEM REVENUE BONDS  
SERIES 2000

SEPTEMBER 29, 1998

2.50%

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/05	\$		\$ 9,637.91	\$
04/1/06	45,000.00	2.50%	9,637.91	64,275.82
10/1/06			9,075.41	
04/1/07	45,000.00	2.50%	9,075.41	63,150.82
10/1/07			8,512.91	
04/1/08	45,000.00	2.50%	8,512.91	62,025.82
10/1/08			7,950.41	
04/1/09	45,000.00	2.50%	7,950.41	60,900.82
10/1/09			7,387.91	
04/1/10	50,000.00	2.50%	7,387.91	64,775.82
10/1/10			6,762.91	
04/1/11	50,000.00	2.50%	6,762.91	63,525.82
10/1/11			6,137.91	
04/1/12	50,000.00	2.50%	6,137.91	62,275.82
10/1/12			5,512.91	
04/1/13	50,000.00	2.50%	5,512.91	61,025.82
10/1/13			4,887.91	
04/1/14	55,000.00	2.50%	4,887.91	64,775.82
10/1/14			4,200.41	
04/1/15	55,000.00	2.50%	4,200.41	63,400.82
10/1/15			3,512.91	
04/1/16	55,000.00	2.50%	3,512.91	62,025.82
10/1/16			2,825.41	
04/1/17	60,000.00	2.50%	2,825.41	65,650.82
10/1/17			2,075.41	
04/1/18	60,000.00	2.50%	2,075.41	64,150.82
10/1/18			1,325.41	
04/1/19	60,000.00	2.50%	1,325.41	62,650.82
10/1/19			575.41	
04/1/20	46,033.00	2.50%	575.41	47,183.82
10/1/20			0.00	
	<u>\$ 771,033.00</u>		<u>\$ 160,762.30</u>	<u>\$ 931,795.30</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2005**

**PRIMARY GOVERNMENT:**

**\$750,000**

**VILLAGE OF BLISSFIELD  
COUNTY OF LENAWEE, STATE OF MICHIGAN**

**WATER SUPPLY SYSTEM REVENUE BONDS**

**SERIES 2001**

**FINAL SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**

<u>Payment Date</u>	<u>Principal Due</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Year Total</u>
10/1/05	\$		\$ 8,250.00	\$
04/1/06	30,000.00	2.500%	8,250.00	46,500.00
10/1/06			7,875.00	
04/1/07	30,000.00	2.500%	7,875.00	45,750.00
10/1/07			7,500.00	
04/1/08	35,000.00	2.500%	7,500.00	50,000.00
10/1/08			7,062.50	
04/1/09	35,000.00	2.500%	7,062.50	49,125.00
10/1/09			6,625.00	
04/1/10	35,000.00	2.500%	6,625.00	48,250.00
10/1/10			6,187.50	
04/1/11	35,000.00	2.500%	6,187.50	47,375.00
10/1/11			5,750.00	
04/1/12	35,000.00	2.500%	5,750.00	46,500.00
10/1/12			5,312.50	
04/1/13	40,000.00	2.500%	5,312.50	50,625.00
10/1/13			4,812.50	
04/1/14	40,000.00	2.500%	4,812.50	49,625.00
10/1/14			4,312.50	
04/1/15	40,000.00	2.500%	4,312.50	48,625.00
10/1/15			3,812.50	
04/1/16	40,000.00	2.500%	3,812.50	47,625.00
10/1/16			3,312.50	
04/1/17	40,000.00	2.500%	3,312.50	46,625.00
10/1/17			2,812.50	
04/1/18	45,000.00	2.500%	2,812.50	50,625.00
10/1/18			2,250.00	
04/1/19	45,000.00	2.500%	2,250.00	49,500.00
10/1/19			1,687.50	
04/1/20	45,000.00	2.500%	1,687.50	48,375.00
10/1/20			1,125.00	
04/1/21	45,000.00	2.500%	1,125.00	47,250.00
10/1/21			562.50	
04/1/22	39,978.00	2.500%	562.50	41,103.00
10/1/22			0.00	
04/1/23	0.00	0.000%	0.00	0.00
10/1/23			0.00	
	<u>\$ 654,978.00</u>		<u>\$ 158,500.00</u>	<u>\$ 813,478.00</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2005**

**PRIMARY GOVERNMENT:**

In 1998-99, the Village paid off the balance of the Wastewater Treatment Revenue Bonds, dated June 1, 1987, with the new Revenue Refunding Bonds. Principal balance on this new issue is \$995,000. A schedule of projected bond payments (including interest) is as follows:

**SCHEDULE OF BONDED DEBT**

**\$995,000**

**VILLAGE OF BLISSFIELD  
COUNTY OF LENAWE, STATE OF MICHIGAN**

**WASTEWATER TREATMENT PLANT IMPROVEMENT  
REVENUE REFUNDING BONDS, 1998 SERIES**

**5.1436%**

<u>Year</u>	<u>Principal Due July 1</u>	<u>Total P&amp;I</u>	<u>Year</u>	<u>Principal Due July 1</u>	<u>Total P&amp;I</u>
2006	\$ 25,000	\$ 68,380	2017	\$ 40,000	\$ 68,260
2007	25,000	67,330	2018	40,000	66,220
2008	25,000	66,255	2019	40,000	64,180
2009	25,000	65,155	2020	45,000	67,100
2010	25,000	64,030	2021	45,000	64,760
2011	30,000	67,830	2022	50,000	67,420
2012	30,000	66,390	2023	50,000	64,820
2013	30,000	64,950	2024	55,000	67,220
2014	35,000	68,510	2025	55,000	64,360
2015	35,000	66,830	2026	60,000	66,500
2016	35,000	65,045	2027	65,000	68,380
				<u>\$ 865,000</u>	<u>\$ 1,459,925</u>

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2005**

**COMPONENT UNIT:**

The Downtown Development Authority (DDA) borrowed funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot Project. Total loan is \$150,000 at a 3.73% interest rate.

A payment schedule follows:

**\$150,000**

**VILLAGE OF BLISSFIELD**

**MUNICIPAL PURCHASE CONTRACT**

**DECEMBER 31, 2003**

<u>Payment Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Fiscal Year Total</u>
8/29/2006	\$ 13,612.27	\$ 4,633.64	\$ 18,245.91
8/29/2007	14,120.01	4,125.90	18,245.91
8/29/2008	14,646.68	3,599.23	18,245.91
8/29/2009	15,193.00	3,052.91	18,245.91
8/29/2010	15,759.70	2,486.21	18,245.91
8/29/2011	16,347.54	1,898.73	18,246.27
8/29/2012	16,957.30	1,288.61	18,245.91
8/29/2013	<u>17,589.80</u>	<u>656.10</u>	<u>18,245.90</u>
	<u>\$ 124,226.30</u>	<u>\$ 21,741.33</u>	<u>\$ 145,967.63</u>

The Downtown Development Authority (DDA) may, at its option, prepay the Agreement on any payment due date without premium or penalty.

**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2005**

**COMPONENT UNIT:**

The Downtown Development Authority (DDA) borrowed additional funds under Act 99 of P.A. 1933 to finance the Newspaper Street Parking Lot. The loan is \$34,885 at 4.33% interest.

A payment schedule follows:

**\$34,885**

**VILLAGE OF BLISSFIELD**

**MUNICIPAL PURCHASE CONTRACT**

**AUGUST 29, 2005**

<b>Payment Due</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b>Fiscal Year <u>Total</u></b>
8/29/2006	\$ 3,389.14	\$ 1,366.36	\$ 4,755.50
8/29/2007	3,535.72	1,219.78	4,755.50
8/29/2008	3,688.64	1,066.86	4,755.50
8/29/2009	3,848.17	907.33	4,755.50
8/29/2010	4,014.61	740.89	4,755.50
8/29/2011	4,188.24	567.26	4,755.50
8/29/2012	4,369.38	386.12	4,755.50
8/29/2013	<u>4,558.28</u>	<u>197.15</u>	<u>4,755.43</u>
	<u>\$ 31,592.18</u>	<u>\$ 6,451.75</u>	<u>\$ 38,043.93</u>



**VILLAGE OF BLISSFIELD, MICHIGAN**

**SCHEDULE OF INDEBTEDNESS**

**September 30, 2005**

**COMPONENT UNIT:**

The Downtown Development Authority (a component unit of the Village) has issued a limited general obligation bond issue, dated December 1, 1994, for construction of parking lots. The bond issue for \$685,000 has an average interest rate of 6.965%.

The schedule of bond payments follows:

**\$685,000**

**VILLAGE OF BLISSFIELD**

**DOWNTOWN DEVELOPMENT BONDS, SERIES 1994**

**DECEMBER 1, 1994**

**(LIMITED TAX GENERAL OBLIGATION)**

<b><u>Payment Date</u></b>	<b><u>Principal Due</u></b>	<b><u>Interest Rate</u></b>	<b><u>Interest Due</u></b>	<b><u>Fiscal Year Total</u></b>
4-1-06	\$ 35,000.00	6.800%	\$ 35,490.00	\$ 70,490.00
4-1-07	35,000.00	6.900%	33,110.00	68,110.00
4-1-08	40,000.00	7.000%	30,695.00	70,695.00
4-1-09	45,000.00	7.000%	27,895.00	72,895.00
4-1-10	50,000.00	7.000%	24,745.00	74,745.00
4-1-11	55,000.00	7.000%	21,245.00	76,245.00
4-1-12	60,000.00	7.100%	17,395.00	77,395.00
4-1-13	60,000.00	7.100%	13,135.00	73,135.00
4-1-14	60,000.00	7.100%	8,875.00	68,875.00
4-1-15	<u>65,000.00</u>	7.100%	<u>4,615.00</u>	<u>69,615.00</u>
	<u>\$ 505,000.00</u>		<u>\$ 217,200.00</u>	<u>\$ 722,200.00</u>